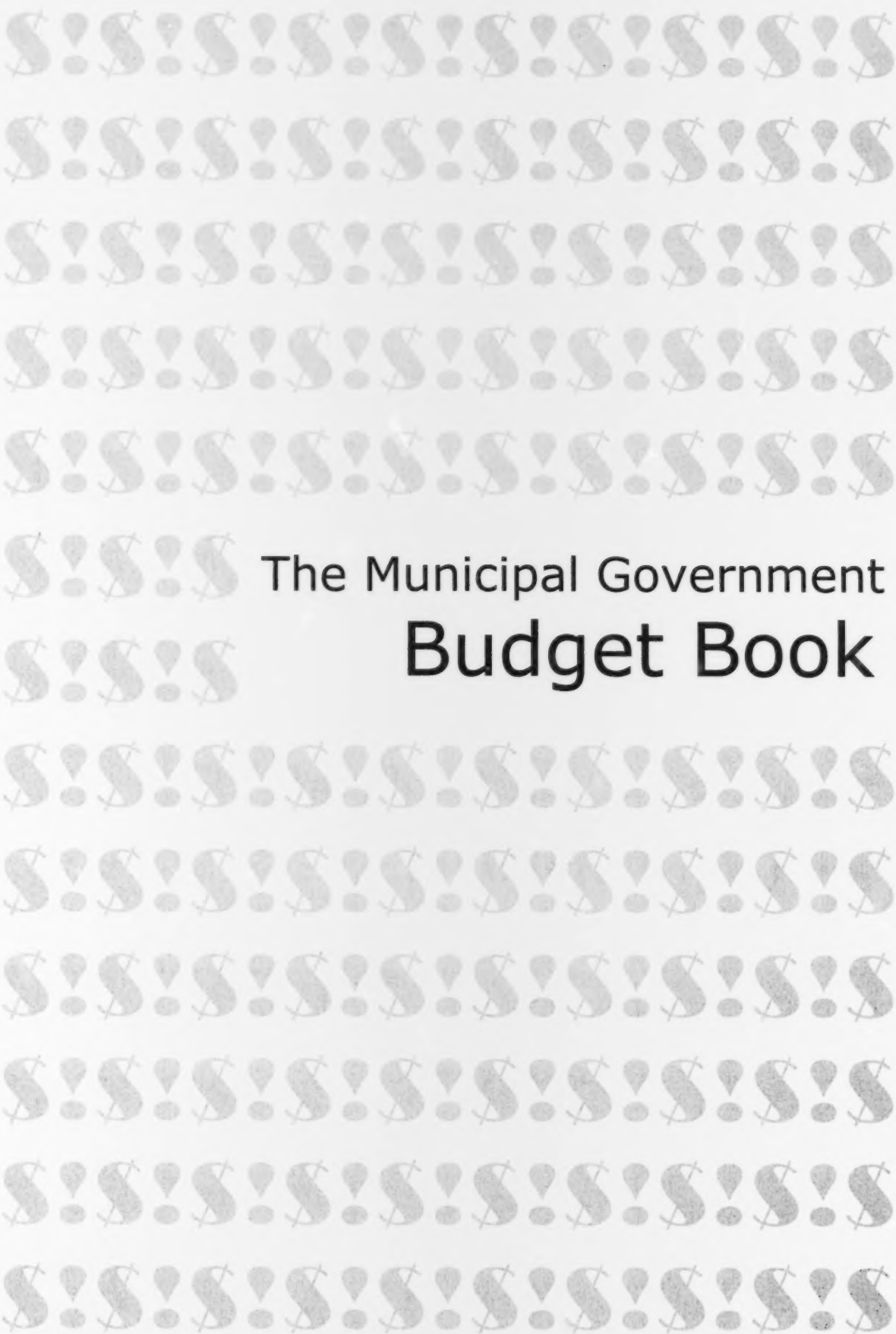

The Municipal Government Budget Book

The Municipal Government Budget Book

Prepared By:
The Municipal Training Program
Department of Municipal and Provincial Affairs

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Preface

The Department of Municipal and Provincial Affairs has been working closely, for some time, with a number of key organizations and knowledgeable people to stabl improved standards of municipal financial budgeting, cash handling, accounting and reporting.

Budgeting was chosen as the first major area in which to develop standards. The budget process is the essential beginning of a municipality's financial management cycle. It is, therefore, the logical place to focus on reform. Acceptance and adoptic of standards at the budget level will make it easier to move toward more standardiz approaches to accounting and financial reporting in municipalities.

Adopting standards is important. Standards set rules for measuring, recording and reporting financial information used for management, decision-making and accountability. They allow the real analysis and comparison of the financial positic similar municipalities. . .useful tools for municipal leaders faced with tough decisi about the future direction of their community.

This book, "The Municipal Government Budget Book - 1998 Edition", is meant to b used in conjunction with the "Municipal Budget Submission Form". The submissio form is the current standard for reporting annual budgets to the Department of Municipal and Provincial Affairs. This companion manual provides many of the det a municipality needs to effectively begin to budget using the standard.

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Feedback and Comments

Feedback from users of this material is more than welcome. Anyone wishing to comment on the publication or offer suggestions for improvements should contact Jane Fitzgerald, Manager, Municipal Training Program.

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Chapter 1
Budgeting Basics

The budgeting process is the essential first phase of a municipality's financial management cycle. It encompasses a variety of related activities and procedures which, if carried out with care and diligence, will produce a valuable planning tool for the municipal Council to use as a guide in the management and operation of the municipality.

A budget is a written plan, expressed in dollars, forecasting or estimating the revenues and expenses of the activities, programs and services to be done during a specified period of time. The most commonly used time period is one year. Budgets can be simple or complex. Because you are estimating revenues and expenditures of anticipated activities and services, your financial plans are only as accurate as the information collected and the thoroughness of the budgeting process.

This chapter details the who, what, when and why of budgeting. Topics include the importance and benefits of realistic budgeting, information on government requirements, time frames and deadlines and it outlines an effective budget preparation system.

The Importance of Budgeting

Recall that a budget is a financial plan for the municipality for the coming year. There are numerous advantages to developing and using a realistic budget. Budgeting:

- sets standards for controlling costs ahead of time.
- allows regular comparisons of estimated costs to actual costs during a given fiscal or financial period. Knowing "where we are", in terms of Council's financial picture, is important.
- allows timely adjustments to programs and services or to spending to avoid "going over budget".
- must be done in order to establish the tax rates for a municipality.
- ensures that realistic planning of programs, services and estimated revenues is undertaken.
- provides a vehicle for communicating the plans and activities of Council to the general public, the provincial government or to other agencies.
- provides an opportunity for a financial evaluation of the performance of all Council's programs and services.

Developing a Realistic Budget

Preparation of a realistic budget places emphasis on the following:

- clear direction from the Council to the staff on the priorities, goals and objectives Council wishes to support through the budget.
- the need for accurate, up-to-date, relevant information.
- completing expenditure projections before estimating revenues to ensure that expenses are not scaled down to "fit" the total available revenue.

Who Does the Budget?

The Municipal Clerk or Manager
is responsible for the actual preparation of the budget.

In some towns, the Council will appoint a Finance Committee made up of Councillors to guide and coordinate the budget process. The municipal staff, in these cases, work in consultation with the Finance Committee.

Finance Committee - Factors such as the size of the municipality, the complexity of the financial activities and the availability of expertise can influence the decision of Council as to whether to appoint a Finance Committee. A typical committee would be made up of the Mayor, one or two Councillors, the Clerk and the Manager, if there is one. Some committees ask the town's auditor to sit in on budget meetings as an advisor.

The final budget is formally adopted at a regular meeting of Council and then submitted to the Minister of Municipal and Provincial Affairs for review.

How Do You Prepare a Budget?

There are a variety of methods used to prepare budgets. This manual suggests a 6 step method of preparation that will help prepare the most realistic, useful and workable municipal budget. The detailed description of the steps begins on Page 9 of Chapter 2.

The Municipal Budget Submission Form

Regardless of the method you use to draft your budget, when Council submits the final budget to The Department of Municipal and Provincial Affairs (MPA) for review, the department requires the use of a standard Municipal Budget Submission Form. It is supplied by the department and is sent out with Instructions around the first of October each year.

There are **six** main sections to the form and they are found in the following order:

- **Front Page** - this is where you identify your municipality, the budget period (ie. calendar year), the date Council approved the budget and where the Mayor and the Municipal Clerk/Manager verify the adoption of the budget by signing their names.

- **Debt Charges Summary** - The repayment details, for the upcoming year, of ALL loans received by Council are recorded here.

- **Expenditures** - Estimated expenditures go in this section.
- **Revenues** - Estimated revenues are recorded in this section
- **Municipal Tax Rates Schedule** - This convenient table allows for easy recording of the various tax rates set by a municipality for the coming year.
- **Summary of the Municipal Budget Submission Form** - This is an at-a-glance summary of the expenditures and the revenues

Deadlines and Time Frames

It is important for municipal councils and their staff to be aware of and follow the suggested time frames and legislative requirements of budget related activities. Balanced municipal budgets must be submitted to the Minister of Municipal and Provincial Affairs by the **legislated** deadline of December 31 each year. It is reasonable, then, for budget preparations to begin well in advance of the due date. A look at the financial year and the time frames recommended may help to put the necessary activities in perspective.

Municipal Fiscal Year

The fiscal or, as some may call it, the **financial** year of all municipalities in the province is from **January 1 to December 31.** Municipal budgets are prepared with this time frame in mind.

The Budget Cycle

The budget cycle should run from no later than the first of October through one full year of activity. Once the budget document is reviewed by the Department of Municipal and Provincial Affairs (MPA), a financially responsible Council will use the document as a working tool. A realistic budget provides on-going direction and guidance as Council works its way through the financial year. With the approval of the Minister, the budget also may undergo revisions and adjustments during the year to reflect the changing financial picture within the community.

Budget Time Frames

- **Around September 1:** the gathering of information relevant to the preparation of the budget begins. In Chapter 2, "Six Steps to Successful Budgeting", Step Two on Page 10 details the information that should be gathered.

- Under normal circumstances, the following deadlines for budgets are to be met by Councils:
  - **By December 1:** prepare and adopt the budget
  - **By December 31:** submit the budget to the MPA Minister

- **There are exceptions:**
  A budget has to be submitted to MPA **90 days after:**
  - a general election
  - a new Council has been sworn in other than after a general election
  - the approval, by Council, of a revised budget

Chapter 2

Six Steps to Successful Budgeting

One of the many responsibilities of a municipal council is to develop realistic long and short term plans for the future direction of the municipality. After Council has developed and approved its plans for the future, a financial plan or budget must be developed that will reflect and compliment Council's chosen direction. Municipal staff prepare the budget for Council approval.

This chapter provides some basic information about the budgeting process. There are six major steps that are recommended to prepare the draft budget and get it ready for approval by Council and then on to The Department of Municipal and Provincial Affairs for review.

The Six Steps to Successful Budgeting

Step One: Establish a Budget Calendar

A helpful tool to guide the budget process is a "budget calendar". It includes actions to be done, who is responsible and the dates when these actions must be completed. Users of this method often find it easier to start with the last step (submitting the budget to the Minister of MPA) and work backward to the starting date. Here is a sample calendar which will help to illustrate the technique.

What (Actions)	**Who?** (Person/Group)	**When** (Date)
• collect all necessary information for budget preparation	Clerk/Manager	Sept 1
• send out notices to request input from any committee, group or organization that is supported by Council funds or accountable to Council. for example: > Council committees > departments > recreation groups > civic organizations	Clerk/Manager	Sept 1
• submit input to Council; include requests for next year's programs and activities and an evaluation of last year's programs	All departments committees, groups requesting budgeted funds for the next fiscal year	Oct 1
• review all material and prepare draft budget for presentation to Council	Clerk/Manager	Nov 1
• make adjustments and prepare final budget	Clerk/Manager	
• present final budget to Council for approval	Clerk/Manager	Dec 1
• submit budget to the Minister of Municipal and Provincial Affairs for review.	Council	Dec 31

Step Two: Collect All Necessary Information

To ensure that your budget plan is as accurate as possible, a number of sources of information must be used. This will involve reviewing and reading reports and conducting some research. The following list is a guide only; it is not exhaustive.

Any information that will help you determine realistic budget estimates should be used.

Source of Information	What the Information Tells You
• assessment roll	• the name/address of every property owner, the size of the property, the value of the land and any buildings and if the property can be taxed or not
• repayment "Schedules" of government loans provided by MPA or NMFC	• detailed information about loans that the Clerk will need to complete the Municipal Budget Submission Form
• any repayment information from non-government loans (eg. from banks or trust companies)	• more about the loans that Council must repay
• goals and objectives of Council; planned programs and projects within the budget period	• where Council is headed and what the priorities are
• budgets of the past years	• budget format • predicted performances for each year
• audited financial statements, internal financial reports and bookkeeping records	• sources and actual amounts of revenue • types and actual amounts of expenses • net income or loss • details of transactions
• tax collection statistics	• the difference between the amount of tax collected in the previous year and the amount budgeted

Source of Information	What the Information Tells You
• financial policies and procedures	• information necessary to predict certain revenue and expense categories e.g. > allotted per diem for travel, meals and accommodation > amounts for fees, permits and licences > approved exemptions
• the current year's "year-to-date" operating costs (including debt charge servicing) as well as forecasted amounts for the balance of the year	• the figures show if you are on target with your current budget estimates. NOTE: If off target, you will have to decide whether to do a revised budget now or to budget for the deficit/surplus in the new year
• annual evaluations of Council programs, services and activities	• assessment of each program/service/activity and its effectiveness • ideas and suggestions from members of the community • trends in economy & society
• program statistics	• numbers of events, program users

Step Three: Request Input From Others

All Council departments and committees as well as any other groups who may be requesting funds from the Council should provide input into the budget. Generally, the more input, the more accurate the process and the more people involved, the more committed people are to the budget process. You also want to be sure that the programs, services and activities supported by the Council are relevant and beneficial to the municipality.

Here are some of the ways to get the input that you need:

- review of the previous year's audited financial statements of funded groups

- ask groups looking for municipal funding to submit, for review and consideration, budget estimates along with explanations to justify needs
- written reports and program evaluations on previous year's activities
- formal meetings to discuss needs
- questionnaires

Step Four: Review Materials Collected and Prepare Draft Budget

Why and What to Review

As part of this activity, the information gathered in Step Two and the input received from Step Three are reviewed. Any recommendations for major changes in financial procedures and policies should be dealt with by Council prior to the development of the first draft budget.

The following areas should be reviewed and analysed:

- the goals and objectives of Council to ensure that the money will be spent on Council priorities
- the differences between past estimated performances (budgets) and actual performances (financial statements) so that you can benefit from the history
- the effectiveness, cost implications and benefits of all programs, services and activities including capital projects, either on-going or proposed
- the financial policies and procedures to determine if they are still relevant to Council's financial position

Preparing the Draft Budget

Depending on the level of detail the Council expects, the **draft or working budget** (especially the expenditures section) may look a lot different and be much more detailed than the final version that is sent to MPA. Detail in the draft is necessary to make it easier to see the whole financial picture and to make the adjustments to the budget necessary to balance it. The budget items in the draft will probably correspond to the expenditure and revenue columns in the general ledger.

Steps in Preparing the Draft

1. **Decide on a draft budget format . . .** You may have developed or inherited a format that is useful and acceptable to Council or you may need to design a new one that better meets your present needs.

2. **Complete Pages 1, 2 and 3 of the Municipal Budget Submission Form . . .** Record the loan information from all sources (MPA and NMFC Repayment Schedules, banks etc.) in the tables provided. Roll all the required totals into the "Summary of Table Totals" on Page 3. You will need to transcribe this information from Page 3 to the Expenditures and Revenues sections of the draft.

3. **Estimate and record expenditures for the upcoming year . . .** *It is always a good budgeting practice to handle the expenditures first.* This is why the Expenditures section appears BEFORE the Revenues section in the Municipal Budget Submission Form. Make sure that the Debt Charges total for Council is recorded in its proper place in the Expenditures Section.

4. **Estimate and record your expected revenues for the budget period . . .** Again, don't forget about transcribing the Province Portion total for loan repayments in the proper place in the Revenues section.

5. **Prepare a nice, neat copy of the draft budget for use in the next step. . .** Make a copy of the draft for each Councillor and prepare a budget backup file which will allow you easy access to the information you used to develop the budget.

Remember . . .

There are **no guaranteed revenues** for municipalities any more.

This means that your estimates of revenues ***have to be totally realistic.***

Estimating municipal revenues is no job for hopeful people.

Being a good financial historian and detective will help.

Step Five: Review the Draft Budget and Make Adjustments

Remember . . .
Approved Municipal Budgets MUST be BALANCED!!
That is:
Revenues = Expenditures

- If a finance Committee is in place, it reviews the draft budget and makes the necessary adjustments to balance the budget and move on to Step Six.

- If there is no committee in place, Council should be presented with the draft of the budget for review. This step requires rigorous, informed discipline on the part of Council. Since Council is responsible for the submission of the final budget to MPA they need to have a close look at the draft and if required, approve any adjustments to the figures to ensure a balanced budget.

  A special meeting or series of meetings of Council could be held for this purpose. Council should pay close attention to:

  - sources of, and estimated revenues
  - types of, and estimated expenses
  - the estimated difference between expenses and revenues

Remember . . .

This draft budget review is an excellent opportunity to:

help Councillors with little or no financial background
to better understand the budget process
and the overall financial picture of the municipality.

take the time to ask tough questions about the relevance and viability of municipal programs, services and activities.

- Council must now make tough decisions about what adjustments to make to balance the budget. If you're short of funds, for example, will you try to generate more revenue or will you cut services?

- The recommended adjustments are made to the budget by the Clerk and the Municipal Budget form is completed.

Step Six: Adoption of the Budget by Council and Submission to Municipal and Provincial Affairs

- The finalized budget must be formally presented and adopted at a regular meeting of the Council ***no later than December 1***. Notes highlighting the budget items, especially any changes proposed and the reasons why, should be made. This will help Councillors and the public to better understand how and why the budget is as it is presented.

- The adopted budget must be made available to the public for information purposes. The general public should be encouraged to review the budget and the budget notes and ask questions about the contents. If the proper groundwork has been done during the preparation period, the adoption phase should be relatively smooth.

- The balanced budget adopted by Council is now accurately transcribed onto the Municipal Budget Submission Form and sent to MPA for ministerial review ***no later than December 31***.

- The department staff will review the budget and then let Council know, in writing, whether everything is alright or if adjustments are required. An "A-OK" from the department means the budget is official.

Did you know that . . . ?

All the tax rates for the coming year should be set and approved at this step by **resolution** of Council

❦

Even if there will be no rate increases,
the rates should be re-adopted **each year, for the record**.

❦

This practice is useful when you have to take court action against a taxpayer who has failed to pay his taxes, especially over a period of years.

❦

March 31 of each year is the deadline for making tax rate adjustments IF you want the changes to be effective for that year

❦

If you have problems with your budget . . .
you have until **March 31** to make the budget adjustments, get council approval and submit the budget to Municipal and Provincial Affairs.
Otherwise, the tax changes you want to make won't take effect until the following year

Chapter 3

Functional Budgeting for Municipal Governments

This chapter will introduce the concept of ***Functional Budgeting*** for municipal governments of Newfoundland and Labrador. A distinct departure from past budgeting formats and practices, functional budgeting will be the standard expected of municipalities in the future by the Department of Municipal and Provincial Affairs.

A recommended Municipal Government Chart of Accounts ***for expenditures and revenues only***, complete with a written descriptive of the chart is also presented in this chapter. This Chart of Accounts is consistent with the Municipal Budget Submission Form and is suggested for use as a standard in municipal financial record keeping for expenditures and revenues.

Functional Budgeting for Municipal Governments

Introduction

In 1985, the Public Sector Accounting and Auditing Board (PSAAB), a sub-committee of the Canadian Institute of Chartered Accountants, conducted a study of the financial accounting and reporting practices of local governments in Canada. The in-depth study showed dramatic inconsistencies in the way local governments accounted for and reported their financial positions. These results were similar to an earlier study of the federal, provincial and territorial governments.

In 1989, PSAAB began its local government initiative with the goal of recommending standards of good municipal accounting and financial reporting practices. PSAAB used the input of over 200 people who would be governed or affected by the standard. Ministers and deputy ministers of municipal affairs, municipal clerks and treasurers as well as auditors all contributed to the development of the standards.

Six provinces, Newfoundland included, have either legislated PSAAB accounting standards or are in the process of adopting their own using PSAAB information as a benchmark. Other provinces and the territories are reviewing the recommendations and will be making decisions in the near future.

The Need for Standards

Adopting standards is important because they set rules for measuring, recording and reporting financial information used for management, decision-making and accountability. Setting common, national standards allows the real comparison of the financial position of similar municipalities. In other words, the differences shown by comparing the financial statements of one municipality with those of another will not be the result of different accounting and reporting practices. They will represent the actual differences in the way those municipalities finance, organize and conduct their operations, and in the services they provide.

Having complete, understandable, accurate and comparable financial information available will make it easier for financial decisions to be made not only by municipalities, but also by provincial officials and the general public. This is especially true when these groups are faced with tough decisions surrounding regionalisation, downsizing and alternative program delivery.

Functional Budgeting and Accounting Standards

The standards recommended by PSAAB that relate to the reporting of expenditures and revenues require financial information to be organized as follows:

- **expenditures** by ***function and object***
- **revenues** by ***source and type***

Expenditures

The FUNCTIONS of a municipal government may be described as the clearly defined services that a municipality would typically provide to its citizens. Municipal functions have different components called **programs**.

PROGRAMS are separate services provided under a main function. Fire Protection, Animal and Pest Control and Municipal Enforcement, for example, are programs or services of the main function called Protective Services. Although each is quite different, they all serve to protect the people and property of the municipality. In some cases, the programs can be further broken down into **sub-programs**.

SUB-PROGRAMS are the service and activity components that make up a main program. Snow Removal, Street Lighting and Traffic Services are all sub-programs of the program called Road Transport. They have to do with the roads in a municipality.

By organizing the reporting of expenditures and revenues this way, the cost ingredients for each function, program and sub-program can be more easily identified, budgeted and accounted for.

The OBJECTS are the items to be purchased to provide the services or carry out the described functions, programs etc.; salaries, supplies, professional services are examples of major objects of expenditure and are used in the budgeting and accounting process. Objects of expenditure which can be identified with a particular function should allocated to that function in the budget and accounting process.

Revenues

Revenue SOURCES indicate where money to run the municipality is coming from (recorded in the budget) or where the money has come from (recorded in the books of accounting and the financial statements). Money can come from local, provincial and federal resources, as well as from other private and public sources.

Revenue TYPE describes the nature of the source of the revenue. Local taxes and service charges, grants, subsidies and user fees are illustrations of revenue types.

The Municipal Government Chart of Accounts

The following ***Chart of Accounts*** for expenditures and revenues is being recommended for use by all local governments in the province. The Chart is a logical listing of municipal functions, programs, sub-programs and objects as well as the revenue sources and types commonly associated with small, medium and large municipalities. *It can be expanded or contracted to suit the particular needs of a town or city, regardless of size.* It complies with PSAAB guidelines and can be used to do budgeting, to set up the financial accounting records of the municipality and to prepare financial statements. The *"Municipal Budget Submission Form",* now a required document of the Department of Municipal and Provincial Affairs, is based on the list of accounts. Municipalities are encouraged to arrange their accounting records in line with the Chart of Accounts. By doing so, the preparation of the financial statements, either interim or audited, and the preparation of next year's budget will be made easier and the results more meaningful.

Accompanying each component of the Chart is a *descriptive version.* Following the expenditure accounts are general definitions and elaborations of the functions, programs and sub-programs and objects of expenditure. Next is the chart of revenue accounts. Following the list of revenue accounts, are descriptions and examples of the sources and the various types of revenue contained in the Chart.

The descriptions and examples are *not exhaustive.* Most revenue items are fairly easy to allocate but some expenditures may require some thought as to where to place them. *Remembering that an object of expenditure should support a main function may help.* As ever, when in doubt, contact your Regional Office of Municipal and Provincial Affairs for assistance.

Description of An Account

An account, in the context of this material, is referenced in the following way:

Expenditure Accounts

Function Name PLUS Program Name PLUS Sub-program Name (if applicable) PLUS Object Name.

Example:

The account where one would budget for councillor travel is called GENERAL GOVERNMENT, Council, Travel. Using the numbering system provided, it would be labelled 1.1.04.

Revenue Accounts
Source PLUS Type

Example:

The account where one would record the revenue anticipated from the sale of licences and permits is called OTHER REVENUE FROM OWN SOURCES, Licences and Permits or, using the numbering system, 4.1.25

Words of Caution:

In a number of functions, the term "Other" is used, such as "Other Transportation Services". These section are meant to identify expenses and revenues that **truly do not fit** into any of the defined categories. Every effort should be made to allocate expenses and revenues to a definable category.

Municipal Government Chart of Accounts

Expenditures

1.0 GENERAL GOVERNMENT

1.1 Council

01. Remuneration for Councillors
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies

1.2 General Administration

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services (other than insurance)
07. Professional Services
08. Insurance

1.3 Municipal Elections

01. Remuneration
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services

1.4 Property Assessment Services

06. Purchased Services

1.5 Common Services

1.5.1 Engineering Services

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services

1.5.2. General Maintenance

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services

1.5.3 Professional Development and Training

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services

1.5.4 Public Relations

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services
09. Grants and Subsidies

2.0 PROTECTIVE SERVICES

2.1 Fire Protection

01. Salaries

02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services
09. Grants and Subsidies

2.2 Emergency Preparedness and Response

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services
09. Grants and Subsidies

2.3 Animal and Pest Control

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services

2.4 Municipal Enforcement

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services

2.5 Other Protective Services and Inspections

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services

3.0 TRANSPORTATION SERVICES

3.1 Vehicle and Fleet Operations and Maintenance

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services

3.2 Road Transport

3.2.1 Streets, Roads, Sidewalks and Bridges

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services

3.2.2. Snow Removal

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services

3.2.3 Street Lighting

06. Purchased Services

3.2.4 Traffic Services

05. Supplies
06. Purchased Services
07. Professional Services

3.3. Public Transit

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services
09. Grants and Subsidies

3.4 Other Transportation Services

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services
09. Grants and Subsidies

4.0 ENVIRONMENTAL HEALTH

4.1 Water Supply

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services

4.2 Sewage Collection and Disposal

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services

4.3 Garbage and Waste Collection and Disposal

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services

4.4 Other Environmental Health Services

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services

5.0 PLANNING AND DEVELOPMENT

5.1 Planning and Zoning

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services

5.2 Community Improvement and Development

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services
09. Grants and Subsidies

5.3 Regional Development

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services
09. Grants and Subsidies

5.4 Tourism and Marketing

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services
09. Grants and Subsidies

5.5 Other Planning and Development

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services
09. Grants and Subsidies

6.0 RECREATION AND CULTURAL SERVICES

6.1 Recreation Administration

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services
09. Grants and Subsidies

6.2 Recreation Facilities

6.2.1 Recreation and Community Centres

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services
09. Grants and Subsidies

6.2.2 Parks, Playgrounds and Playing Fields

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services
09. Grants and Subsidies

6.2.3 Stadium

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services
09. Grants and Subsidies

6.2.4 Swimming Pool

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel

05. Supplies
06. Purchased Services
07. Professional Services
09. Grants and Subsidies

6.3 Cultural Facilities

6.3.1 Museum

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services
09. Grants and Subsidies

6.3.2 Library

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services
09. Grants and Subsidies

6.4 Recreation and Cultural Programs, Activities and Community Events

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services
09. Grants and Subsidies

6.5 Other Recreation and Cultural Services

01. Salaries
02. Employee Benefits
03. Payroll Burden
04. Travel
05. Supplies
06. Purchased Services
07. Professional Services
09. Grants and Subsidies

7.0 FISCAL SERVICES

7.1 Debt Charges From All Sources

7.2 Transfers to Own Reserves and other Funds

10. Provision for Uncollectible Taxes, Fees and Charges
11. Deficit for Prior Year
12. Accumulated Deficit Reduction Plan
13. Other Losses or Allowances
14. Capital Expenditure Out of Revenue
15. Other Provisions

7.3 Other Fiscal Services

16. Bank Service Charges
17. Interest on Short Term Borrowings

8.0 OTHER SERVICES

Chart Descriptive - Expenditures

The descriptives for the Expenditures section will be handled in the following sequence:

First: a general description of the main FUNCTIONS

Second: specific treatment of the PROGRAMS AND SUB-PROGRAMS under each function with special notes regarding expenditures that are not obvious or don't fit the generic description.

Third: a generic or general description of the main OBJECTS

Special Information Symbol

The following descriptions of the expenditures are general in nature and do not describe every possible type. Where an expenditure included in this section may need some specific explanation or clarification, the symbol ❖ will be used to highlight the special information.

Main Functions - General Description

1.0 General Government

This section will include costs associated with the overall administration of the municipality, the activities of the council, municipal elections and the common services that support the provision of services by the other functions and cannot be easily allocated to specific functions. Examples of Common Services include services related to engineering, maintenance, public relations and professional development and training. Property assessment services are also included.

2.0 Protective Services

Any expenditures that provide for the protection and safety of the residents of the municipality are included in this function. Fire, emergency, animal and pest control, enforcement are examples of activities costed under this heading. Building inspection services are also included in this function.

3.0 Transportation Services

Costs associated with the operation and maintenance of vehicles owned by the municipality, the provision and upkeep of roads, streets and bridges, the safe movement of traffic and public transportation are included in Transportation Services.

4.0 Environmental Health

Expenditures dealing with the municipal water supply as well as sewage, garbage and waste collection and disposal are handled in this health related function.

5.0 Planning and Development

Activities surrounding the development and maintenance of the municipal plan, community improvement projects and regional development are costed in this function. Marketing, tourism and other economic development activities are also captured here.

6.0 Recreation and Cultural Services

All recreational and cultural facilities, programs, activities and community events are the focus of this function.

7.0 Fiscal Services

Also known as financial services, this function captures expenses related to loan repayments, provisions for uncollected taxes, fees and charges, various types of losses and "write-offs". Bank service charges and interest to be paid on short term borrowings are also included in this function.

Program and Sub-Program Details

1.0 General Government

1.1 Council

All costs associated directly with the operation, maintenance and support of the activities of the Council, as a group and as Councillors, are recorded under this heading. In addition to the more obvious expenses of Council, costs associated with the Council chamber, Councillor pension and Canada Pension Plan contributions as well as official functions hosted by the Council would be included under this heading.

Special Note: ❖ 01. Remuneration for Councillors: Remember, this is the same as the major object, "01. Salaries", found in other programs. If Councillors are paid a specified amount for their work on Council, the remuneration, as it is called, is recorded in this object. When determining the total salary costs for the municipality, this Councillor remuneration expense is added to the salary cost of the employees.

1.2 General Administration

This is for budgeting for the expenses of the administrative staff, the municipal office and non-specific, cross-functional programs and services of benefit to the municipality as a whole.

Special Notes:

- ❖ 01. Salaries: Include only the salaries of the clerk, manager (if you have one) and any other staff assisting with the administrative work of the municipal office.
- ❖ The salary or wages paid to other personnel should be budgeted for under the functional heading which describes the services provided by those persons.
- ❖ 03. Payroll Burden: The total Workers Compensation Assessment for all employees is budgeted and accounted for only ONCE in 1.2.03 Payroll Burden.
- ❖ 08. Insurance: The cost of insurance is budgeted for **only once** in 1.2.08 Insurance.

1.3 Municipal Elections

This is for recording all the costs of running general municipal elections and any by-elections that may be necessary. Costs for training, reproduction of the required forms and ballots, per diems or honoraria for those running the election and security at polling stations awareness campaigns are typically found in this object.

Special Note: ❖ 01. Remuneration: As with remuneration for Councillors, per diems and honoraria to Returning Officers and his/her elections staff are treated the same as " 01. Salaries ". Again when providing information regarding total salaries, these "01. Remuneration" figures will be added in with all the other salary and remuneration figures.

1.4 Property Assessment Services

Fees charged by the Municipal Assessment Agency Inc. (exception: St. John's) to provide property assessment services to the municipality are included in this section.

1.5 Common Services

This program includes sub-programs or services that are technical and/or cross-functional in nature. Each of the other functional areas may require these services, from time to time, and it can prove difficult to allocate the specific costs to the appropriate functions. It is always best to allocate the costs of these services to the appropriate function, when possible, especially if the dollar values are significant. These common sub-programs make recording associated expenses easier if the appropriate allocation is hard to make.

1.5.1 Engineering Services: When the engineering services are provided by a staff person, the expenses are recorded here.

1.5.2. General Maintenance: Maintenance is needed for all the key functions. Again, if it proves difficult to allocate maintenance costs to specific functions then this section can be used. This especially helpful in small sized municipalities.

1.5.3 Professional Development and Training: This is for recording expenses related to the training and development of Councillors and municipal staff. Hiring trainers, paying individual and group membership fees in provincial or professional organizations, such as, the Newfoundland and Labrador Federation of Municipalities or the Newfoundland and Labrador Association of Municipal Administrators, registration or tuition fees for conferences, courses, workshops etc., travel related to training or development events and professional magazine or journal subscriptions are illustrations of typical costs.

1.5.4 Public Relations: The costs anticipated by a municipality for self-promotion, donations to community organizations, scholarship funds, gifts and awards and public receptions are handled in this section. Self-promotion means that the work of developing the promotional strategy, creating the materials and arranging for the promotional activities is done by Council staff.

Special Note: ❖ Remember, donations can only be awarded by a vote of at least 2/3 of the councillors in office.

2.0 Protective Services

2.1 Fire Protection
This program covers all the expenses related to the direct provision of fire protection services or the purchase of these services from another municipality.

Special Notes:
- 01. Salaries includes honoraria given to volunteer firefighters.
- The operation and maintenance of fire fighting vehicles and equipment is budgeted for under this program.

2.2 Emergency Preparedness and Response
The cost of the development, maintenance and exercising the Municipal emergency plan or a cooperative regional plan is the main focus in this budget heading. Emergency supplies may need to be purchased and stockpiled. Buying communication equipment dedicated to dealing with emergencies may be planned. The cost of preparing for emergencies is also recorded here. Those municipalities who operate ambulance services will use this heading to record the costs.

2.3 Animal and Pest Control
With the exception of the pest control necessary at the municipal landfill or garbage dump, all other animal and pest control is costed here.

Special Notes: ❖ Animal and pest control related to landfills and dump sites can be a significant expense and needs to be included in the program 4.3 (ie. 4.0 ENVIRONMENTAL HEALTH, 4.3 Garbage and Waste Collection and Disposal).

2.4 Municipal Enforcement
This program captures the expenses related to the provision of municipal enforcement services. This can include an office, enforcement personnel and support staff, uniforms and equipment, as well as any specialized vehicle requirements.

2.5 Other Protective Services and Inspections
Municipalities that either conduct their own building inspections or contract the work to an outside company will use this section to budget for the related costs.

3.0 Transportation Services

3.1 Vehicle and Fleet Operations and Maintenance
All costs for the operation, maintenance and repair of municipally owned or leased cars, trucks and heavy equipment that are **not dedicated to a specific function** are budgeted for here.

Special Note: ❖ Remember that fire, municipal enforcement and recreation vehicles should be budgeted for under the appropriate function if easy to allocate.

3.2 Road Transport

This section includes expenditures needed to provide for the safe movement of traffic and pedestrians throughout the municipality.

3.2.1 Streets, Roads, Sidewalks and Bridges: The costs of non-capital design, construction, repairs and maintenance of streets, roads, sidewalks and bridges are included in this section.

3.2.2. Snow Removal: Whether snow removal is done by the municipality or contracted out, the costs are recorded here.

3.2.3 Street Lighting: The cost of purchasing electricity for street lighting goes here.

3.2.4 Traffic Services: Included are the expenses planned for the location, provision for and maintenance of traffic lights, road signage, road painting and any other services regulating the flow of vehicular and pedestrian traffic in the municipality.

3.3 Public Transit

For municipalities providing for or contracting out any form of public transportation.

3.4 Other Transportation Services

For identifying costs that are not covered by any of the other Transportation Services program headings.

4.0 Environmental Health

4.1 Water Supply

Non-capital costs associated with the provision of water to a municipality are included under this heading.

4.2 Sewage Collection and Disposal

The non-capital costs of operating, repairing and maintaining municipally owned and operated sewage collection and disposal systems are recorded in this section.

4.3 Garbage and Waste Collection and Disposal

Whether the service is provided directly by the municipality or contracted out, all the expenses anticipated are recorded under this heading.

Special Note: ❖ Remember to include animal and pest control expenses for the landfill or dump site in this program.

4.4 Other Environmental Health Services
Just in case a cost cannot be allocated to a definable program.

5.0 Planning and Development

5.1 Planning and Zoning:
The expenditures involved in the development, maintenance and defence of the municipal plan are recorded in this section. The cost of making amendments to an existing plan would also be included in this section.

5.2 Community Improvement and Development
Beautification projects, cleaning up and recovering decaying areas for community use and long term programs for community development are examples of items to be budgeted for here.

5.3 Regional Development
If a municipality is planning to enter into any regional development scheme or program, the costs associated with this type of venture should be recorded in this section.

5.4 Tourism and Marketing
This is for recording the costs associated with the promotion of the municipality either from an economic standpoint or as a tourist attraction. Whether it is self-promotion or working with an external individual, company or regional entity, municipalities should use this program to budget for the costs.

5.5 Other Planning and Development
Try not to use this section if you can allocate costs to a more defined program.

6.0 Recreation and Cultural Services

6.1. Recreation Administration
This is for the Department of Recreation's or the Recreation Commission's administrative costs. The Recreation Director's salary, the recreation office expenses and the cost of support staff are illustrations of costs in this area.

6.2 Recreation Facilities
This section records the expenses anticipated when administering recreation services and programs as well as operating, maintaining and repairing recreation facilities.

6.2.1 Recreation and Community Centres: Many municipalities own and operate recreation and/or community centres. Here is where one budgets for the expenses related to these operations.

6.2.2 Parks, Playgrounds and Playing Fields: The expected costs related to the operation, maintenance and repair of the mentioned facilities are recorded here.

6.2.3 Stadium: Operation, maintenance and repair costs for the stadium, arena or rink, indoor or outdoor, go under this heading.

Special Note: ❖ Municipalities who own and operate curling rinks or other major indoor or outdoor facilities may want to add additional sub-programs to budget for these items.

6.2.4 Swimming Pool: Whether indoor or outdoor, swimming pools owned and operated by a municipality should have their costs budgeted for in this sub-program.

6.3 Cultural Facilities

6.3.1 Museum: If a municipality operates or supports the operation of a museum, then the related expenses are captured here.

6.3.2 Library: If a municipality operates or supports the operation of a library, then the related expenses are captured here.

6.4 Recreation and Cultural Programs, Activities and Community Events

The expenditures for the programs and activities that are planned for the various recreational and cultural facilities in the municipality are budgeted for here.

Special Note: ❖ Municipalities may wish to separate the anticipated expenses of the programs and activities by facility or facility type. If so, then additional sub-programs can easily be added under this heading. For example, stadium program costs can be budgeted under the sub-program heading 6.4.1 Stadium Programs and Activities.

6.5 Other Recreation and Cultural Services

Use only when an anticipated expense cannot be directly allocated.

7.0 Fiscal Services

7.1 Debt Charges From All Sources

The total cost of all the loan repayments for the upcoming year are recorded under this program.

7.2 Transfers to Own Reserves and Other Funds

This category is provided for two main reasons:

- to record items that require the municipality to recognize and plan for some form of financial loss or contingency.

- to record the expenditures that normally would be paid for out of non-operational funds, such as a capital fund.

Examples of such transfers are found in the descriptions of objects 10 to 15 beginning on Page 41 of this book.

7.3 Other Fiscal Services

In this program, record bank service charges and the interest to be paid on any short term borrowings, such as loans to assist with current account operations. These are the loans that must be paid off BEFORE the end of the municipality's fiscal year (ie. December 31).

8.0 Other Services

It is unlikely that this function will be needed. In any case, it is here if required.

Main Objects of Expenditure

There are 17 main objects of expenditure which have been identified as applicable in the municipal context. One or more of these objects can be found in each of the programs and sub-programs. More than one expenditure item may be included in each main object.

01. Salaries

This object covers all wages and salaries, overtime, retroactive pay, holiday/vacation pay etc. of permanent, temporary, casual and seasonal employees. ALSO, it includes the **remuneration to councillors**, pay provided to the people running municipal elections and honoraria given to volunteer firefighters and others who offer their services to the municipality.

02. Employee Benefits

Employee Benefits includes taxable benefits paid by the municipality, as an employer, directly to or on behalf of employees. Examples are, employer contributions to health and life insurance plans, clothing allowances, redundancy and severance pay as well as any pension or R.R.S.P contributions.

03. Payroll Burden

This object includes contributions paid by the municipality, as an employer, for Workers Compensation, Employment Insurance, the Canada Pension Plan and Payroll Tax.

04. Travel

All expenses related to travel are recorded in this object. Included are the costs for accommodations, meals, per diems, transportation and mileage.

05. Supplies

This object includes the cost of ordinary consumer goods used in the performance of duties or the provision of services. Depending on the function, examples can range from office supplies, cleaning and maintenance materials and postage costs to fuel oil and machinery parts. In addition, supplies for computers, security systems and training can be added to the list.

06. Purchased Services

This includes any services that are purchased by the municipality and intended for use in the operation of that municipality. Some examples are utilities, fire protection and waste collection and disposal. Leases and rentals of equipment and vehicles are also purchased services. When a municipality pays for the provision of a service by another municipality, company or individual, the contract price to be paid is recorded here. Maintenance and service contracts with outside companies are also examples of expenses to include in this object.

07. Professional Services

This object includes the fees and expenses of those engaged in one of the "learned professions", such as accountants, lawyers, engineers, public relations and information technology specialists. They may provide advice, do research, write reports and design strategies and systems on behalf of the municipality.

08. Insurance

Insurance policies and programs for municipalities are usually all-encompassing and provide blanket coverage for most situations and municipal functions. The purchase of specialized policies like travel and vehicular insurance would also be budgeted for here.

09. Grants and Subsidies

This is for recording the expected cost of giving grants and subsidies to other organizations to provide the programs and services needed by the municipality. For example, many municipalities provide annual grants or subsidies to recreation organizations to provide recreation and leisure services. Others may support the local library or museum with a grant or subsidy. This object also includes donations made by the Council to support other worthy programs or projects.

10. Provision for Uncollectible Taxes, Fees and Charges

Realistically, most municipalities never collect 100% of the taxes, fees and charges that are assessed annually. It is necessary, therefore, to budget for an amount of money representative of the anticipated shortfall. This object allows for this.

- Experience will usually be the guide for the setting of the amount. If in doubt, a rule of thumb is to:
  - calculate, as a percentage, the shortfall of collections (ie. anticipated collections minus the actual collections) for each of the last 4 to 5 years.
  - calculate the average of the percentage shortfalls.
  - using the resulting percentage and the figure for anticipated collections in the coming budget period, calculate the projected shortfall.
  - record the resulting amount in the object called "Provision for Uncollectible Taxes, Fees and Charges".

11. Deficit of Prior Year

In the best of all possible worlds, at the end of the fiscal year of a municipality, annual expenditures will equal the revenues generated or there may even be a surplus of funds. In reality, many municipalities experience a deficit situation which must be factored into the next year's budget. If you are anticipating a deficit, include the amount here. Reference: "Municipalities Act" Section 76 (3)

12. Accumulated Deficit Reduction Plan

Beginning in 1998, Municipalities who have been carrying accumulated deficits from year to year will have to address the situation in accordance with Section 76 (4) of the "Municipalitites Act". Your Regional Office will help to set up a plan to reduce the deficit over time.

13. Other Losses/Allowances

Any time a municipality needs to budget for certain losses, expected or potential they will use this object to record the amount or amounts. For example, a municipality has purchased certain goods with the intention of recovering some or all the cost of those goods. For some reason or another this becomes impossible. The loss, in money terms, of the value of these goods must be "written-off". In another example, there may outstanding property assessment appeals to be settled in the new year. The municipality has the potential to lose on the appeals with a resulting loss of revenue. The estimated loss must be budgeted for in this object. Upcoming legal action against a municipal Council that could result in loss of revenue or a pay out of funds would be recorded here, as well.

14. Capital Expenditure Out of Revenue

When a municipality plans to spend any money from its revenue accounts to purchase items of a capital nature it will record the anticipated expense in this object. Big ticket items such as computers, fax machines and vehicles are examples of typical capital expenditures out of revenue.

15. Other Provisions

This is a catch-all for any other provisions that do not fit into the other objects of "7.2 Transfers to Own Reserves and Other Funds"

16. Bank Service Charges

Service fees charged by the bank or financial institution where the municipality does it's business are budgeted for in this object. It does not, of course, include the debt charges on long term loans.

17. Interest on Short Term Borrowings

This object handles the expected interest to be charged on short term borrowings that a municipality may need to do to maintain it's operational cash flow during the fiscal year. These special loans are allowed as long as they are paid off before the end of the fiscal year

Municipal Government Chart of Accounts

Revenues

1.0 TAXES

1.1 Revenue from Taxation

01. Residential Property Tax
02. Business Property Tax
03. Business Tax
04. Poll Tax
05. Water and Sewer Tax
06. Water Tax Only
07. Sewer Tax Only
08. Commercial Water and Sewer Tax
09. Commercial Water Tax Only
10. Commercial Sewer Tax Only
11. Utility Tax
12. Other Authorized Taxes

2.0 GRANTS IN LIEU OF TAXES AND TAX AGREEMENTS

2.1 Grants in Lieu and Tax Agreements

13. Grants in Lieu of Taxes
14.. Tax Agreements
15. Other Grants in Lieu and Tax Agreements

3.0 SALES OF GOODS AND SERVICES

3.1 Sales of Goods and Services

16. Local Improvement Assessments
17. Service Levies
18. Garbage Collection Fees
19. Recreation and Cultural Services
20. Transportation Services
21. Other Sales of Goods and Services

3.2 Sales of Goods and Services to Other Governments/Agencies

22. Fire Protection Service Fees
23. Garbage Collection Fees
24. Animal and Pest Control Fees
25. Tipping Fees
26. Incinerator Fees
27. Water Supply
28. Other Sales of Goods and Services to Other Governments/Agencies

4.0 OTHER REVENUE FROM OWN SOURCES

4.1 Other Revenue from Own Sources

29 Licences and Permits
30. Fines
31. Tax Certificates
32. Rentals (Incidental)
33. Interest from Investments
34. Interest Collected on Overdue Accounts
35. Other Revenue From Own Sources

5.0 GOVERNMENT TRANSFERS

5.1 Provincial Government Grants and Subsidies

36. Municipal Operating Grant
37. Province Portion of Debt Charges
38. Municipal Operating Grant Adjustment
39. Other Provincial Government Grants and Subsidies

5.2 Federal Government Grants and Subsidies

40. Government of Canada
41. Other Federal Government Grants and Subsidies

6.0 OTHER TRANSFERS

6.1 Transfers from own Reserves and Other Funds

42. Surplus of Prior Year
43. Transfers from Authorized Reserves and Other Funds
44. Other Transfers From Own Reserves and Other Funds

Chart Descriptive - Revenues

Revenues, remember, are budgeted for by source and type. As indicated previously, revenues are usually easier than expenditures to identify and, for the most part, are self-explanatory.

Special Information Symbol

The following descriptions of the revenue accounts are general in nature and do not describe every possible source or type. Where a revenue account included in this section may need some specific explanation or clarification as to it's nature or type, the symbol ❖ will be used to highlight the special information.

If there is any doubt or confusion about where to locate a revenue item, feel free to contact your Regional Office of the Department of Municipal and Provincial Affairs for assistance.

1.0 Taxes

1.1 Revenue from Taxation

All expected revenue to be generated locally by authorized taxes assessed by the Council are to be included here. Authorized taxes are those that are permitted under the "Municipalities Act" or are, at the request of Council, approved for assessment by the Minister of Municipal and Provincial Affairs. Do not include other fees, charges or sales in this section.

2.0 Grants in Lieu of Taxes and Tax Agreements

2.1 Grants in Lieu and Tax Agreements

Monies expected from any special arrangements made between the Council and another government, agency or private company to pay an agreed upon sum instead of routine property or business tax is recorded here.

- ❖ Grants in Lieu of Taxes are paid by organizations who are NOT LIABLE for any taxation in the municipality. Federal and Provincial Governments and Crown Corporations are examples.

- ❖ Tax Agreements are arranged with private companies operating in a municipality when those companies ARE LIABLE for property and business taxes. When usual tax methods and calculations would require the company to pay more than is reasonable and fair, the municipality will negotiate an agreed amount to be paid.

3.0 Sales of Goods and Services

3.1 Sales of Goods and Services
Anticipated amounts of money to be received from the sale of goods and services provided by the municipality *to its residents* are recorded in this section. Fees received for garbage collection and snow removal, as well as monies generated from recreational and cultural services, service levies and local improvement assessments are examples of this type of revenue. When a Council provides a service or a benefit directly to its residents, it is considered to be "selling" that service or benefit.

3.2 Sales of Goods and Services to Other Governments/Agencies
When a municipality is authorized to provide goods and services, for a fee, *to other governments or agencies* , the revenue to be collected is recorded under this heading. Examples would include fire protection, supplying water, garbage and waste collection and disposal.

4.0 Other Revenue From Own Sources

4.1 Other Revenue from Own Sources
All other revenues expected to be generated from within the municipality are itemized here. Examples of such revenue include: money collected from fees and permits; fines; tax certificates; rentals; penalties and interest on taxes and revenue from the sale of property. The property could be owned by the Council or it could be that belonging to a resident who is seriously in arrears for tax payments.

- Tax Certificates are an under utilized form of revenue. A Tax Certificate is a document prepared by the Clerk to verify whether or not any taxes or other charges are owing on a property in the municipality. They are normally issued to the owner or buyer of a property or their legal representatives. Someone winding up the estate of a deceased resident will also need this information. Councils may charge a fee for the preparation of the certificates and if the property is being sold or an estate is being settled you may be able to COLLECT the taxes and charges in arrears related to the property.

- Rentals (Incidental) can include the rental of council property to other individuals or organizations. It could be space in the municipal building or municipality owned equipment like back hoes, mowers or pumps.

5.0 Government Transfers

5.1 Provincial Government Grants and Subsidies

Any funds received from the Provincial Government for any reason are handled in this section. Anticipated grants (eg. Municipal Operating Grant), subsidies and government's portion of loan payments are to be included here.

5.2 Federal Government Grants and Subsidies

All money to be received from the Federal Government or its agencies is recorded in this section EXCEPT, of course, "Grants in Lieu of Taxes" which are recorded in that section of the budget.

6.0 Other Transfers

6.1 Transfers From Own Reserves and Other Funds

If you are fortunate to have a surplus on hand, and wish to use all or a portion of it in the year being budgeted for, then the amount is recorded in this section. With Departmental approval, Reserve Funds can be established to allow municipalities to set aside funds for special projects. The preceding is also true for municipalities with ACCUMULATED SURPLUSES. Refer to Section 76 (3) and (4) of the "Municipalities Act" for details.

If a project is to begin in the coming year and funds from the reserve will be required then the needed amount must be indicated in this section.